

**VETERANS MEMORIAL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012**

VETERANS MEMORIAL DISTRICT
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2012

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	<u>Page</u> 1
 FINANCIAL SECTION	
Independent Auditor's Report	7
Basic Financial Statements:	
<i>Government Wide Financial Statements:</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances-Governmental Funds to the Statement of Activities	14
<i>Notes to the Financial Statements</i>	15
 REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule	25
 REPORTS REQUIRED ACCORDING BY GAO	
Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Basic Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	26
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS	 28

VETERANS MEMORIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

The following narrative is presented to facilitate a better understanding of the year-end financial position and results of operations for the year ended December 31, 2012. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the financial performance.

The District implemented GASB Statements 63 and 65 during the current year. The statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources which defines those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The statement also identifies net position as the residual of all other elements presented in a statement of financial position. The changes in implementing these statements are noted throughout the report.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's initial year of operations:

- Assets exceeded liabilities by \$ 1,411,802 (net assets).
- Total net assets are comprised of the following:
 - (1) Invested in capital assets of \$1,223,948 including equipment, net of accumulated depreciation and net of related debt.
 - (2) Restricted for debt service of \$41,964.
 - (3) Unrestricted net assets of \$145,890 representing the balance available to fund programs and activities for veterans.
- Total spending for all governmental activities was \$184,159 for the year with no programs revenues in the current year.
- The general revenues used to offset the deficit for program expenses totaled \$430,637 for the year.
- The governmental funds reported total ending fund balance of \$189,896, of which \$147,932 was considered unassigned and \$41,964 was restricted for debt service.
- Total revenue reported for all governmental funds was \$430,637 and expenditures were \$484,409, including \$258,830 of capital expenditures and \$92,613 of debt service expenditures. This resulted in an excess of expenditures over revenues for the year of \$53,772.

VETERANS MEMORIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in the independent auditor's report, located immediately following this MD&A, that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

Fund Financial Statements (FFS)

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The

VETERANS MEMORIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

Lafourche Parish Veterans Memorial District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The FFS provide a detailed short-term view of the general government operations and the basic services provided. FFS information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (GWFS) and governmental funds (FFS) in reconciliation at the bottom of the fund financial statements.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

The Statements of Net Position includes all of the assets and liabilities and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

To begin our analysis, a condensed summary of the Statement of Net Assets is presented in the following table:

Condensed Statement of Net Position

	2012	2011	Dollar Change	Total Percent Change
Current and Other Assets	\$ 214,923	\$ 334,354	\$ (119,431)	-35.7%
Capital Assets	1,398,948	1,184,689	214,259	18.1%
Total Assets	1,613,871	1,519,043	94,828	6.2%
Deferred outflows of resources	492,415	454,640	37,775	8.3%
Current Liabilities	27,069	93,719	(66,650)	-71.1%
Long Term Liabilities	202,069	260,000	(57,931)	-22.3%
Total Liabilities	229,138	353,719	(124,581)	-35.2%
Deferred inflows of resources	492,415	454,640	37,775	8.3%
Invested in Capital Assets	1,223,948	924,689	299,259	32.4%
Restricted	41,964	41,964	-	0.0%
Unrestricted	145,890	198,671	(52,781)	-26.6%
Total Net Assets	\$ 1,411,802	\$1,165,324	\$ 246,478	21.2%

VETERANS MEMORIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

Approximately \$1,223,948 or 87% of the net assets reflects the investment in capital assets (monument and water fountain cost, land improvements and equipment) less any related outstanding debt used to acquire those assets. Another \$41,964 of the net assets is restricted for debt service.

Net assets increased by \$246,478 during 2012. The table following provides a summary of the changes in net assets:

Condensed Statement of Activities

	2012	2011	Dollar Change	Total Percent Change
Program Expenses:				
Current	\$ 139,587	\$ 126,021	\$ 13,566	10.8%
Depreciation	44,572	37,696	6,876	18.2%
Total program expenses	<u>184,159</u>	<u>163,717</u>	<u>20,442</u>	<u>12.5%</u>
General revenues	<u>430,637</u>	<u>418,530</u>	<u>12,107</u>	<u>2.9%</u>
Change in Net Assets	<u>246,478</u>	<u>254,813</u>	<u>(8,335)</u>	<u>-3.3%</u>
Net Assets:				
Beginning of the year	<u>1,165,324</u>	<u>910,511</u>	<u>254,813</u>	<u>28.0%</u>
End of the year	<u>\$ 1,411,802</u>	<u>\$1,165,324</u>	<u>\$ 246,478</u>	<u>21.2%</u>

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the financing requirement. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending.

The governmental funds reported combined ending fund balances of \$189,896. Certain balances in the total are *restricted* to indicate that it is not available for new spending and are restricted to payment of debt service of \$41,964

The General Fund ended the year with a fund balance of \$147,932, all considered unassigned. During the year the General Fund recorded \$430,637 in ad valorem tax revenues and expended \$132,966 in current expenditures, the largest amount of that was for transportation costs (\$70,272). Capital outlay purchases of \$258,830 were made for property improvements, office construction (such as a building), and monument improvements (such as a statue and artwork for statue). The General Fund

VETERANS MEMORIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

also transferred out \$92,613 to the Debt Service Fund, resulting in a net decrease in fund balance of \$53,772.

The Debt Service Fund ended the year with a fund balance of \$41,964 – all considered restricted for the repayment of debt. After the transfer in from the General fund and payments of principal of \$85,000 and interest and fiscal charges of \$7,613, the decrease in net assets was \$0.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District budgets conservatively. Revenues are budgeted based on historic trends. Expenditures are budgeted based on the previous adopted levy. There were no amendments to the original budget for the General Fund during the year.

Actual revenues exceeded budgeted by \$85,637 due to more ad valorem property taxes collected than expected. Expenditures were under budget by \$146,191. Capital and debt service expenditures were also under budget. All budget variances were in compliance with the State Budget Law.

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities was as follows:

	2012	2011
Land	\$ 230,000	\$ 230,000
Construction In Progress	45,917	345,741
Land Improvements	144,556	98,809
Equipment	94,962	82,354
Monument Cost	647,293	515,645
Building	357,639	-
Water Fountain	73,267	73,267
Office Supplies	12,789	1,777
Total Cost	1,606,423	1,347,593
Accumulated Depreciation	207,475	162,902
Net Capital Assets	<u>\$ 1,398,948</u>	<u>\$ 1,184,691</u>
Depreciation Expense	<u>\$ 44,572</u>	<u>\$ 37,695</u>

VETERANS MEMORIAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

This year there was \$258,830 of additions of assets such as monument improvements and equipment and \$357,639 added as a new building was completed and transferred from construction in progress. Depreciation expense of \$44,572 was recorded. More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

LONG-TERM DEBT

At year-end, \$175,000 in general obligations bonds was outstanding. Payments of \$85,000 of principal and \$7,613 in interest payments were made during the year. More detailed information about long-term liabilities is presented in Note 7 to the financial statements.

NEXT YEAR'S BUDGET

Highlights of next year's adopted budget follows:

Beginning Fund Balance	\$ 171,923
Projected Revenue	492,415
Projected Expenditures:	
Current	(233,600)
Capital outlay	(330,000)
Debt Service	(95,000)
Total Expenditures	<u>(658,600)</u>
Ending Fund Balance	<u>\$ 5,738</u>

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Veterans Memorial District finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Larry Raymond, Treasurer
16937 Hwy 3235
Cut Off, LA 70345
985-632-4317

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Veterans Memorial District
Larose, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Veterans Memorial District as of and for the year ended December 31, 2012, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Statements*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

To the Board of Commissioners,
Veterans Memorial District,
Page 2

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2012 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Commissioners,
Veterans Memorial District,
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2013, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
June 7, 2013



VETERANS MEMORIAL DISTRICT

Statement of Net Position

December 31, 2012

ASSETS

Cash	\$	213,861
Deposits		1,062
Capital Assets, Net of Accumulated Depreciation		1,398,948
TOTAL ASSETS		1,613,871

DEFERRED OUTFLOWS OF RESOURCES

Taxes receivable	131,272
Due from Tax Collector - ad valorem taxes	361,143
	492,415

LIABILITIES

Accounts Payable	25,027
Interest payable	2,042
TOTAL CURRENT LIABILITIES	27,069
LONG TERM LIABILITIES:	
Due in one year	85,000
Due in more than one year	90,000
TOTAL LIABILITIES	202,069

DEFERRED INFLOWS OF RESOURCES

Deferred revenue - ad valorem taxes	492,415
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NET POSITION

Net investment in capital assets	1,223,948
Restricted for debt service	41,964
Unrestricted	145,890
TOTAL NET ASSETS	\$ 1,411,802

See notes to financial statements.

VETERANS MEMORIAL DISTRICT

Statement of Activities

For the Year Ended December 30, 2012

	Program Revenues:			
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses)/ Revenue
Governmental Activities				
Professional Fees	\$ 2,750	\$ -	-	(\$2,750)
Secretary Cost	1,800	-	-	(1,800)
Transportation Cost	70,272	-	-	(70,272)
Repairs and Maintenance	28,282	-	-	(28,282)
Insurance	12,025	-	-	(12,025)
Advertisement	435	-	-	(435)
Supplies	6,352	-	-	(6,352)
Taxes and Licenses	11,050	-	-	(11,050)
Interest paid on debt	6,621	-	-	(6,621)
Depreciation	44,572	-	-	(44,572)
Total Governmental Activities	\$ 184,159	\$ -	\$ -	(184,159)

General Revenues:

Ad Valorem Taxes	430,637
Total General Revenues	430,637

Change in Net Position 246,478

Net Position:

Beginning	1,165,324
Ending	<u>\$ 1,411,802</u>

See notes to financial statements.

VETERANS MEMORIAL DISTRICT
Balance Sheet - Governmental Funds
December 31, 2012

	General Fund	Debt Service Fund	Totals
ASSETS			
Cash	\$ 171,897	\$ 41,964	\$ 213,861
Receivables:			
Taxes receivable	131,272	-	131,272
Due from tax collector	361,143	-	361,143
Deposits	1,062	-	1,062
	<u>\$ 665,374</u>	<u>\$ 41,964</u>	<u>\$ 707,338</u>
LIABILITIES			
Accounts payable	\$ 25,027		\$ 25,027
Deferred Revenue	492,415		492,415
TOTAL LIABILITIES	<u>517,442</u>		<u>517,442</u>
FUND EQUITY			
Fund Balances:			
Restricted for Debt Service	-	\$ 41,964	41,964
Unassigned	147,932	-	147,932
TOTAL FUND EQUITY	<u>147,932</u>	<u>41,964</u>	<u>189,896</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 665,374</u>	<u>\$ 41,964</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: 1,398,948

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable		(2,042)
Bonds payable - current	(85,000)	
Bonds payable - long term	<u>(90,000)</u>	
		<u>(175,000)</u>

Net assets of governmental activities \$ 1,411,802

See notes to financial statements.

VETERANS MEMORIAL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 30, 2012

	General Fund	Debt Service Fund	Totals
REVENUES			
Ad Valorem Taxes	\$ 430,637	\$ -	\$ 430,637
Total Revenues	<u>430,637</u>	<u>-</u>	<u>430,637</u>
EXPENDITURES			
Current:			
Professional Fees	2,750	-	2,750
Secretary Cost	1,800	-	1,800
Transportation Cost	70,272	-	70,272
Repairs and Maintenance	28,282	-	28,282
Insurance	12,025	-	12,025
Advertisement	435	-	435
Supplies	6,352	-	6,352
Utilities	11,050	-	11,050
Total Current	<u>132,966</u>	<u>-</u>	<u>132,966</u>
Capital Outlay	258,830	-	258,830
Debt Service:			
Principal	-	85,000	85,000
Interest and fiscal charges	-	7,613	7,613
Total Debt Service	<u>-</u>	<u>92,613</u>	<u>92,613</u>
Total Expenditures	<u>391,796</u>	<u>92,613</u>	<u>484,409</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in (out)	(92,613)	92,613	-
NET CHANGE IN FUND BALANCE	<u>(53,772)</u>	<u>-</u>	<u>(53,772)</u>
FUND BALANCE			
Beginning of year	201,704	41,964	243,668
End of year	<u>\$147,932</u>	<u>\$41,964</u>	<u>\$189,896</u>

See notes to financial statements.

VETERANS MEMORIAL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 30, 2012

Net change in fund balances - governmental funds **\$ (53,772)**

Amounts reported for *governmental activities* in the Statement of Activities
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of those assets are
allocated over their useful lives and reported as depreciation
expense.

Capital outlay	\$ 258,830	
Depreciation expense	<u>(44,572)</u>	
Amount by which depreciation exceeded capital outlays		214,258

Other expenses reported in the Statement of Activities that do not
require current financial resources:

Decrease in Interest payable	992
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For governmental funds, the incurrence of long-term debt provides
current financial resources and the repayment of long-term
obligations consumes current financial resources. Neither
transaction has any effect on net assets.

Principal paid on long term debt	<u>85,000</u>
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Change in net assets of governmental activities **\$ 246,478**

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

The Veterans' Memorial District of Ward 10 of Lafourche Parish was created by the Legislature of Louisiana in its Regular Session, 2005. Provided by R.S. 33:9356 approved the governing authority shall consist of a Board of 9 Commissioners who are electors domiciled in Ward 10 of Lafourche Parish, and a minimum of six members shall be honorable discharged veterans' posts in Ward 10, one member each selected and appointed by the Lafourche Parish President, State Senator representing District 20, and State Representative representing District 54 serving different terms. A board member may be removed for cause by the Lafourche Parish Council.

The Board has the powers and duties of a governing body as provided by law, except the approval of the Lafourche Parish Council must first be obtained prior to any of the following actions by the Board:

- Adoption of annual budget
- Purchase, sale, or encumbrance of immovable property
- Submitting for voter approval a proposed renewal or increase in ad valorem taxes
- Any other matter or action as determined by ordinance adopted by the Lafourche Parish Council.

The District implemented GASB Statements 63 and 65 during the current year. The statements provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources which defines those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The statement also identifies net position as the residual of all other elements presented in a statement of financial position. The changes in implementing these statements are noted throughout the report.

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of the primary government and its component units. As the governing authority of the parish, the Lafourche Parish Council is considered to be the primary government for financial reporting purposes for the Parish of Lafourche.

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

A. Reporting Entity (Continued)

Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or imposes specific financial burdens on the council. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the fact that the Parish Council appoints the voting majority of the Board of Commissioners of the District, the District is considered a component unit of the Lafourche Parish Council, if applying the criteria above.

B. Basic Financial Statements – Basis of Presentation

Government-Wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type activities. All of the District's administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basic Financial Statements – Basis of Presentation (continued)

Government-Wide and Fund Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and activities. These functions are also supported by general government revenues (interest earned). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (interest earned, etc). This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basic Financial Statements – Basis of Presentation (continued)

General Fund - The General Fund is used to account for all financial resources and expenditures except those that are required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and related costs.

C. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2011 property taxes which were levied to finance the 2012 budget are recognized as revenue in 2012. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

Expenditures – The major expenditures current supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District. The Board, as allowed by state law, does not obtain public participation in the budget process. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

I. Capital Assets

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS	25 YEARS
TRUCKS	15 YEARS
EQUIPMENT	5 YEARS

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

J. Restricted Net Assets

For government-wide statement of net position, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

K. Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balances is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Note 2 DEPOSITS AND INVESTMENTS

Deposits:

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At December 31, 2012, the reported amount of deposits was \$213,861 and the bank balance was \$222,747.

Custodial credit risk is the risk that in an event of a bank failure, the district's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District has no deposits exposed to custodial credit risk and securities pledged of \$373,166.

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

Note 2 DEPOSITS AND INVESTMENTS (Continued)

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 AD VALOREM TAXES

Property taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law.

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2012. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes.

The 2011 property tax levy is recognized as revenue in fiscal 2012. The 2012 property tax levy is recognized as a receivable in fiscal 2012 because it is the intent of the Board to use these taxes to fund 2013 operations. The tax rate for each of the years ended December 31, 2011 and 2012 was \$0.98 per \$1,000 of assessed valuation on property within Lafourche Parish Veterans Memorial District for the purpose of constructing and maintaining a monument and the retirement of general long term debt, principal, interest, and related costs for the District.

Note 4 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year ended December 31, 2012.

Note 5 DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units at December 31, 2012 consisted of ad valorem tax collections due from the Lafourche Parish Tax Collector to be remitted to the District in January 2013.

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements
For the Year Ended December 31, 2012

Note 6

CAPITAL ASSETS

A schedule of changes in capital assets follows:

Governmental activities	Balance 12/31/11	Additions	Deletions/ Adjustment	Balance 12/31/12
Land	\$ 230,000			\$230,000
Construction In Progress	345,741	\$ 57,815	\$357,639	45,917
Monument	515,645	131,648		647,293
Building		357,639		357,639
Water Fountain	73,267			73,267
Improvements	98,809	45,747		144,556
Equipment	82,354	12,608		94,962
Office Equipment	1,777	11,012		12,789
Total Assets	\$1,347,593	\$616,469	\$357,639	\$1,606,423

Less accumulated depreciation:

Monument	\$64,778	\$19,433		\$84,211
Building	-	10,729		10,729
Water Fountain	14,971	3,673		18,644
Improvements	16,735	4,997		21,732
Equipment	65,565	3,855		69,420
Office Equipment	854	1,885		2,739
Totals	\$162,904	\$44,572		\$207,475
Capital assets, net	\$1,184,689			\$1,398,948

Depreciation expense for the year was \$44,572 recorded as governmental activities.

VETERANS MEMORIAL DISTRICT

Notes to the Financial Statements For the Year Ended December 31, 2012

Note 7 LONG TERM DEBT

At December 31, 2012, the District had assumed the debt of a Certificate of Indebtedness, Series 2004 dated May 1, 2004 bearing interest at a rate of 3.5% per annum payable through March 1, 2014.

A summary of changes in long-term obligations of the District is as follows:

	Payable December 31, 2011	Additions	Deletions	Payable December 31, 2012
COI, Series 2004	\$260,000		\$85,000	\$175,000

The annual requirements, including interest, to amortize all long-term debt outstanding at December 31, 2012 are as follows:

MATURITY	Principal	Interest	TOTAL
2013	85,000	6,125	91,125
2014	90,000	3,150	93,150
Totals	\$175,000	\$9,275	\$184,275

Note 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

***REQUIRED SUPPLEMENTAL
INFORMATION***

VETERANS MEMORIAL DISTRICT

Budget Comparison Schedule For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES:		no amendments		
Ad Valorem Taxes	\$ 345,000	\$ 345,000	\$ 430,637	\$ 85,637
Total Revenues	<u>345,000</u>	<u>345,000</u>	<u>430,637</u>	<u>85,637</u>
EXPENDITURES:				
Current:				
Secretary Cost	4,500	4,500	4,550	- 50
Transportation Cost	75,000	75,000	70,272	4,728
Repairs and Maintenance	20,000	20,000	28,282	(8,282)
Insurance	15,000	15,000	12,025	2,975
Advertising & Promotion	1,100	1,100	435	665
Supplies	55,000	55,000	6,352	48,648
Utilities	25,000	25,000	11,050	13,950
Total Current	<u>195,600</u>	<u>195,600</u>	<u>132,966</u>	<u>62,634</u>
Capital Outlay	340,000	340,000	258,830	81,170
Debt Service	95,000	95,000	92,613	2,387
Total Expenditures	<u>630,600</u>	<u>630,600</u>	<u>484,409</u>	<u>146,191</u>
NET CHANGE IN FUND BALANCE	(285,600)	(285,600)	(53,772)	231,828
FUND BALANCE:				
Beginning of year	292,242	292,242	243,668	(48,574)
End of year	<u>\$ 6,642</u>	<u>\$ 6,642</u>	<u>\$ 189,896</u>	<u>\$ 183,254</u>

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Veterans Memorial District
Larose, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Veterans Memorial District as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated June 7, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Commissioners
Veterans Memorial District
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

June 7, 2013
Thibodaux, Louisiana



Veterans Memorial District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The District neither received nor expended any federal awards during the year.

Section II - Financial Statement Findings

- There were no financial statement findings during the audit of the basic financial statements.

Section III - Federal Award Findings and Questioned Costs

- There were no federal award findings during the audit of the basic financial statements.